GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:817
ANSWERED ON:04.03.2005
ADB LOAN FOR FISCAL REFORMS
Subba Shri Moni Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Asian Development Bank has identified Assam as the focal state for external aid for reform and agreed to extend a financial aid of 150 million US dollars for fiscal reforms;

(b) if so, the details of the schemes laid for the fiscal reforms contemplated indicating the broad features of the reforms and cost of the scheme; and

(c) the steps being taken for carrying out the reforms and appropriating the aid offered?

Answer

SHRI S.S. PALANIMANICKAM − MINISTER OF STATE FOR FINANCE

(a), (b) and (c) The Asian Development Bank Board approved Assam Governance and Public Resource Management Sector Development Program Loan for US $ 125 million and development loan for US$ 25 million on 16.12.2004. The Program will support reform measures of state finances, fiscal governance and reorientation of the role of the state in order to have
(i) enhanced fiscal responsibility
(ii) broaden tax base and enhanced tax collection and non-tax revenues
(iii) restructured state debt
(iv) containment of state pension liabilities;
(v) improved state budgeting;
(vi) enhanced poverty-focused and growth oriented expenditure;
(vii) PSE reforms;
(viii) strengthening of public private partnership; and (ix) public administration review. The Programme loan is to be released in three tranches with conditions attached to the release of tranche, mutually agreed upon by Government of India, Government of Assam and ADB. The first tranche of US$ 45 million was released on 18.12.2004. The rest of the two tranches of US$ 45 million and US$ 35 million are to be released within two years after the Government of Assam fulfills the conditions attached to these tranche release. The Government of India is closely monitoring the fulfillment of conditions by Government of Assam. The development loan is to build institutional capacity of the public financial management institution and support program implementation.